



2019 Annual Report

A circular inset image showing a vibrant, sunlit forest scene with tall trees and dense green foliage, including large ferns in the foreground.

**The companies
getting it wrong on
deforestation**



Contents



Executive Summary

As we start a new decade, we face a climate emergency and a crisis in nature, illustrated all too vividly by the 2019 fires in the Amazon. Ending forest loss is essential to address these crises, yet the main driver of tropical deforestation is demand for agricultural commodities.

Major companies, financial institutions and governments signed up to ambitious goals to end deforestation in commodity supply chains by 2020, but these commitments have failed to galvanise meaningful action.

In fact, some companies have quietly dropped previous commitments. The voluntary commitments to end tropical deforestation by 2020 have failed.

The Forest 500 annual assessment of the most influential companies and financial institutions in forest-risk supply chains finds that some leading companies have made progress towards removing deforestation from their supply chains. But the lack of any action by nearly half of these companies and financial institutions is preventing the necessary sector-wide change.

Too many companies are still not acknowledging the deforestation risks in their supply chains, or recognising their responsibility to act. Often hidden in

complex supply chains, these companies can escape scrutiny simply by staying quiet. Companies that have been more transparent have faced greater pressure, yet many of these companies do not report on the progress they are making to achieve their commitments.

Key findings:

- 140 (40%) of the most influential companies in forest-risk supply chains, including internet retailer Amazon, Dutch supermarket chain SPAR and luxury fashion group Capri Holdings, owner of Versace, Jimmy Choo and Michael Kors, do not have any deforestation commitments.
- 75 (21%) companies, including Gap Inc, Starbucks and Adidas, have commitments for just one of the commodities they source or produce, but not for the others.



40%

of companies do
not have deforestation
commitments

- Some companies, including Yakult and Danish Agro, have removed or weakened previous commitments. Of the 157 companies which had commitments to remove deforestation by 2020 or earlier, four removed their commitment completely, and 18 companies, including Nestle, removed the deadline from their commitments.
- Of 210 companies with commitments, 100 (or 48%) do not report on progress for all implementation, including Unilever, McDonald's, Nike and Vans owner, VF Corp.
- The finance sector is ignoring the problem: 102 (68%) of the financial institutions assessed, including BlackRock, Aviva and the Bank of New York Mellon, have no deforestation policies.

Given this voluntary commitment failure, civil society, legislators, and even some leading companies have called for regulatory action to 'level the playing field' and force action by companies on deforestation risks. While moves towards this in the EU are welcome, action in all major markets is needed to avoid leakage and drive sector wide transformation.

Financial institutions also have a responsibility to address their exposure to deforestation risks in their portfolios. Despite high profile collective statements, including in response to the Amazon fires, the majority of the most influential financial institutions in the Forest 500 still do not publicly recognise deforestation risks within their investments or portfolios. All of these institutions are exposed to deforestation risks, but even those that have made statements do not necessarily have public policies in place for the companies they finance.

While the latest Forest 500 assessment shows voluntary commitments are falling short, they remain an important tool to eliminate commodity-driven tropical deforestation. They can raise the bar higher and faster than legislative measures, and in places where environmental governance is weak or being rolled back, as in Brazil, they can be critical in reducing deforestation.

But if commitments are to be effective over the coming decades, we will need to see consequences for companies that fail to publicly acknowledge their exposure or responsibility to tackle deforestation, or that fail to be transparent on progress towards deforestation-free supply chains.



Introduction

Rising deforestation rates in 2019¹, and extensive fires in both the Amazon and Indonesia² highlighted the on-going failure of companies to address tropical deforestation in agricultural commodity supply chains. Tropical forests are essential for stabilising the global climate³, yet they are being destroyed to meet global demand for commodities.

From the palm oil used in everything from shower gel to chocolate, to the soy hidden in animal feed for fish, poultry, and cattle, these commodities are found across supermarket shelves.

Action to tackle deforestation in agricultural supply chains has been long promised. In 2010 the Consumer Goods Forum adopted a 2020 deadline to zero net deforestation in commodity supply chains⁴. This was followed in 2014 by the New York Declaration on Forests⁵ when signatory companies committed to eliminate deforestation from agricultural commodity supply chains by 2020. Many companies also set their own goals.

Yet in 2020, forests continue to be cleared to make way for agriculture, particularly for beef and leather, soy, palm oil, timber, and pulp and paper⁶.

Global Canopy established the Forest 500 in 2014 to hold the companies and financial institutions that have the greatest influence on tropical deforestation⁷ accountable for their impact. In 2019, Forest 500 assessed 350 companies and 150 financial institutions on their commitments to end commodity-driven deforestation in their supply chains or financial portfolios.

Now, as we reach 2020, the sixth annual Forest 500 assessment shows little progress has been made. This report highlights the leaders, laggards, backsliders and breakthroughs among the companies and financial institutions in the Forest 500 and provides insights on key gaps and opportunities for more effective action on deforestation.



48%

of companies do not
report on progress

How do we select the Forest 500?

The Forest 500 is made up of 350 companies and 150 financial institutions that are the most influential in forest risk commodity supply chains. Every other year Global Canopy reviews which companies produce, process, trade, use or sell the largest amounts of palm oil, soy, beef, leather, timber and pulp. The largest financiers, across loans, shareholdings and bondholdings of these companies are then selected.

In this way the Forest 500 is made up of the most influential companies and financial institutions, that have the greatest power to end deforestation, if they were to take action in their supply chains and portfolios.

What do we assess companies and financial institutions for?

Forest 500 annually assesses 350 companies and 150 financial institutions on the strength and implementation of their deforestation commitments⁸ and policies for all commodities they are exposed to. This includes indicators which assess whether a company is being transparent about progress and implementation of their commitments.

The methodology also looks at commitments on issues including human rights, gender equality, and inclusion of smallholders in supply chains.

In 2019, we updated the assessment methodology to strengthen our assessment of companies' deforestation commitments and to align with the Accountability Framework⁹. This has affected the scores of over 90% of companies, which lost points compared to 2018¹⁰.

Companies

The Forest 500 2019 assessment of 350 companies found that despite some progress by a handful of leaders, most are still failing to take effective action to ensure that their supply chains are deforestation-free. Some companies are even dropping points for weakening commitments.

How companies score points

Companies are assessed on publicly available information on their commitments to tackle commodity driven deforestation and their implementation of those commitments. Scores are broken down into the following sections:

Overall approach	out of 14
Commitment strength	out of 36
Reporting and implementation	out of 34
Social considerations	out of 16
Total score	out of 100

Companies are only assessed for the commodities in their supply chain and these scores are averaged to produce their overall score – with a total out of 100. All scores are also converted into a score out of five - with higher scores reflecting stronger commitments and greater transparency on reporting on progress.



Only
20%

of companies in China had a deforestation commitment for any of the commodities they source or produce.

Still no progress from the laggards

Too many of the most influential companies are still not acknowledging the deforestation risks in their supply chains, or that they have a responsibility to act.

- 140 are laggards who do not have a deforestation commitment for any of the forest-risk commodities in their supply chains.
- The proportion that are laggards (40%) has scarcely improved since 2018.
- Seventy-five of these laggards scored 0/100 in 2019 – this means they had made no public commitments on deforestation or any of the wider sustainability and social issues assessed for any commodity.

A full list of the laggards can be found in the Appendix.

Ambition differs across geographies:

Companies based in Europe and North America are more likely to have deforestation commitments for at least one commodity (North America 80%, Europe 79%) than those based in Africa (50%), Latin America (33%), and Asia-Pacific (60%). China is the largest market for 'forest risk' commodities, yet only 20% of companies in China had a deforestation commitment for any of the commodities they source or produce.

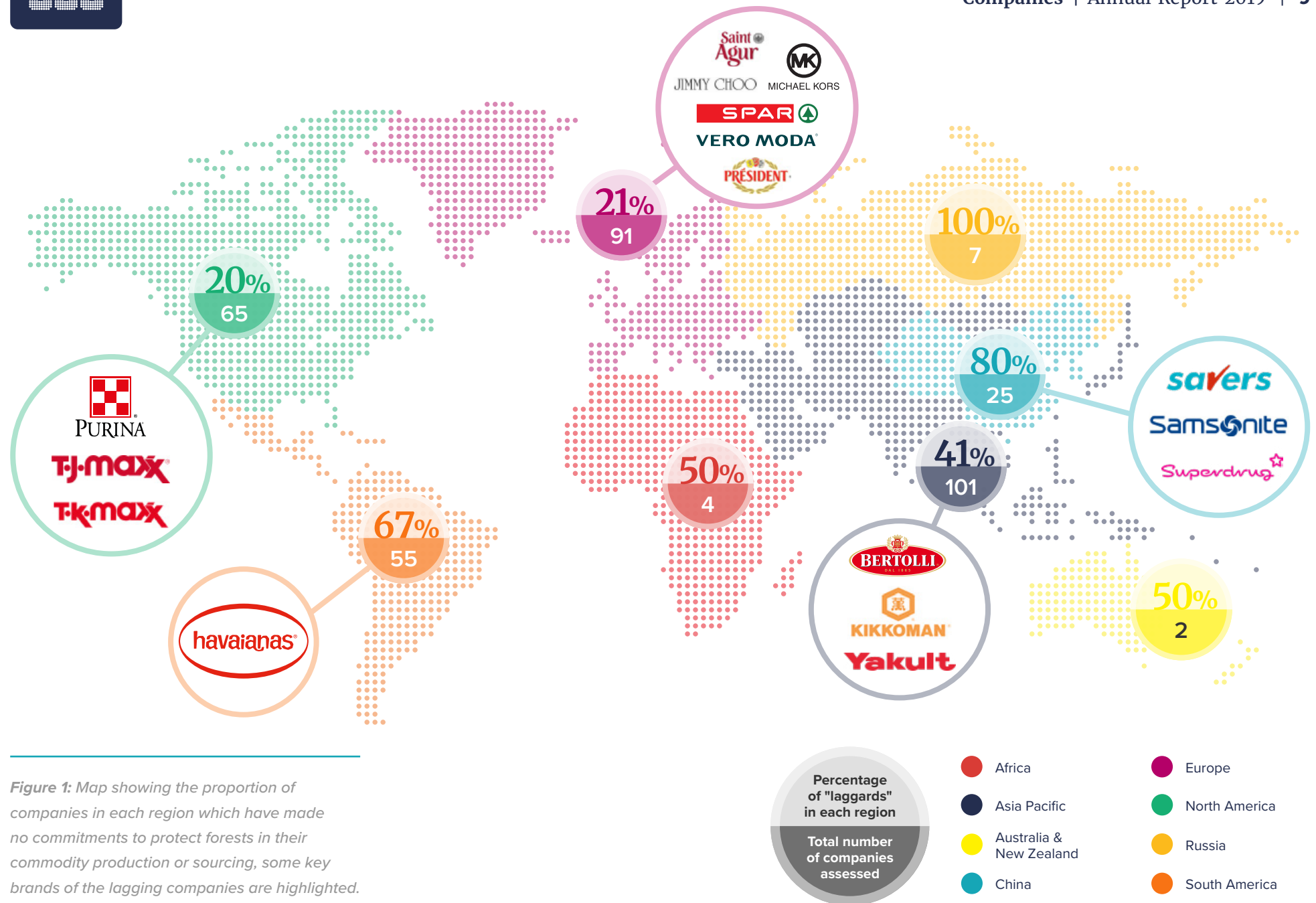


Figure 1: Map showing the proportion of companies in each region which have made no commitments to protect forests in their commodity production or sourcing, some key brands of the lagging companies are highlighted.

79%

of companies assessed
for beef had yet to
make deforestation
commitments.

Action on cattle and soy still lagging:

Companies buying and selling soy and cattle products have fewer commodity-specific deforestation commitments, compared to companies using the other commodities. This has been the case since 2014¹¹.

In 2019, 79% of companies assessed for beef had yet to make deforestation commitments; for leather, this was 81% and for soy 73%. Many of these companies have taken action on other commodities. For example, Kroger, the largest supermarket

in the US, and JM Smucker, a manufacturer of spreads, snacks, and pet food have deforestation commitments for palm oil, but not for soy or beef.

The Amazon fires in the summer of 2019 prompted a number of companies, including VF Corporation (owner of Timberland and Vans) and H&M to suspend purchasing of Brazilian leather. These companies do not currently have commitments to only source deforestation-free leather from all sourcing regions.

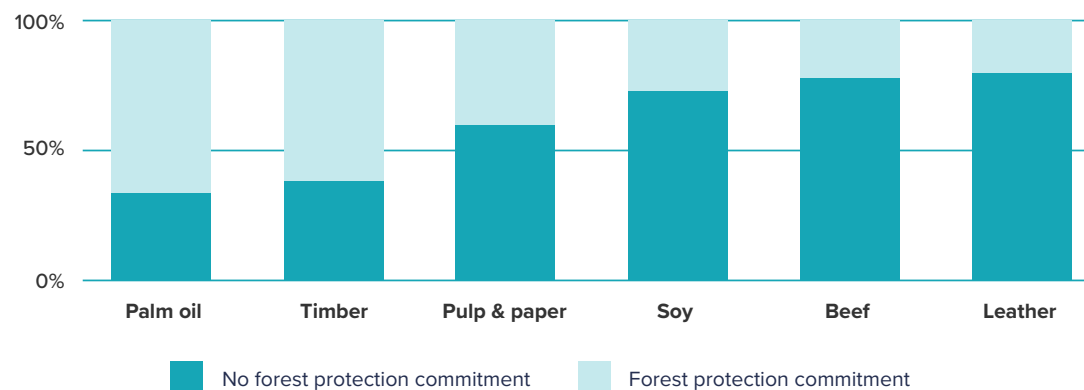


Figure 2: The percentage of companies with no deforestation commitments for specific commodities.

Action is needed across supply chains and commodities:

In 2019, 51 companies had made overarching commitments to reduce deforestation throughout the entirety of their supply chains and operations. But not all of these companies

appeared to be translating their overarching commitments into commodity specific commitments or implementation plans.

The 2019 assessment found 17 companies, including Starbucks and Wal-Mart, had failed to do this. These companies are not implementing their commitments for all of their supply chains.

Some companies are improving their commitments

In 2019, 80 companies increased their scores, despite the stricter methodology, reflecting strengthened or new commitments.

- Twenty-five companies introduced new deforestation commitments for a specific commodity, including Nike, Schwarz Group (the owner of Lidl), and Restaurant Brands International (the owner of Burger King and Tim Hortons).
- Six companies introduced new overarching commitments to achieve zero net deforestation, zero deforestation, or zero conversion throughout their supply chains, including Yum! Brands (the owner of KFC, Pizza Hut and Taco Bell), and Neste Oil (a Finnish oil refining and marketing company).

Companies making big breakthroughs by adding commitments

		Score in 2019	Score change since 2018	Why?
Skechers USA Inc.	American footwear company	18%	+18%	Skechers USA Inc. introduced a new commitment to use FSC-certified paper in their shoeboxes, including monitoring their suppliers. It also added new commitments to key labour rights which covers all sourcing. Skechers does not have a deforestation commitment for leather.
Glencore	A Swiss energy and mining company, involved in the processing of biofuel.	31%	+15%	Glencore made a new deforestation commitment which covers soy and palm oil, and includes protection high carbon stock forest and peatlands.
AmorePacific Corp.	A Korean skincare and beauty company.	39%	+12%	AmorePacific Corp. introduced monitoring systems to ensure its suppliers meet its policy, and commit to engage with any non-compliant suppliers for palm oil and pulp and paper.
Wendy's Co.	American fast-food company.	18%	+9%	Wendy's Co. introduced a commitment source all of their paper sustainably and to reduce their consumption of virgin pulp and paper. It only sources beef from the US but does not have a commitment for soy sourcing.
Tesco PLC	British supermarket chain.	44%	+7%	Tesco PLC introduced monitoring systems to check supplier compliance across all of their commodities, and published soy and palm oil supplier lists.







The leading companies

The highest scoring company in 2019, PT Astra International is a large Indonesian conglomerate which grows and processes palm oil through its subsidiary Astra Agro Lestari. It scored 73/100 - which translates as 4/5 – showing that even the highest scoring companies still have significant room for progress.

In 2019, one quarter of the companies assessed had deforestation commitments for all of their commodities. Sixty percent of these companies were retailers or manufacturers.

As well as a total score, companies also receive a sub-score for each of the commodities they are assessed for. Some companies score better for certain commodities than they do overall. For palm oil and soy, the highest scoring companies scored 5/5, but the highest score for leather was only 3/5.

Highest scoring powerbrokers for each commodity

			Score	Score band	Average score for commodity
Palm oil	Kellogg Co.	Food manufacturer - owns Kellogg's, Cheez-It and Pringles.	81%		37%
Soy	Nestle S.A.	Food manufacturer - owns KitKat, Milo and Nescafé.	83%		16%
Beef	Carrefour S.A.	French retail group operating in over 30 countries.	68%		13%
Leather	Kering S.A.	Luxury goods brand - owns Gucci, Balenciaga, and Yves Saint Laurent.	52%		13%
Timber	IKEA	Swedish home store and the world's largest furniture retailer.	64%		25%
Pulp and paper	Kimberley-Clark Group	Manufacturer of paper-based products including Andrex, Kleenex and Huggies.	65%		19%



Just
52%

was the score given to the
highest scoring company for
leather, Kering S.A.

Kellogg Co. had the highest score for palm oil, with an overarching zero net deforestation commitment for all of its commodities. It also had specific palm oil commitments to protect peatlands and high carbon stock areas and to trace its palm oil supply chains back to plantation. Kellogg also reported on progress towards each of its commitments.

Kellogg lost points because it did not report having a strong monitoring system to ensure suppliers operate in line with its standards and because it blacklists suppliers that do not comply, rather than engaging with them.

Kellogg is also assessed for paper and soy, but did not have as strong commitments for these commodities.

Kering S.A. which owns Gucci, Balenciaga, and Yves Saint Laurent among others, was the highest scoring company for leather with just 52%. It had a commitment to ensure all of its leather was conversion-free, and traceable back to the farm, by 2025. These time-bound commitments applied to all of its operations and sourcing regions, and it also reported the total volume of leather used to CDP in 2018.

Kering S.A. failed to report on progress to either of these commitments, and did not disclose a supplier list or any system to check supplier compliance.

Kering S.A. also failed to report on progress on its deforestation commitment for pulp and paper and does not have a traceability commitment for this commodity, so scored only 30% for pulp and paper.

Going backwards: companies dropping commitments

“As 2020 approaches, some companies are starting to go backwards”

Since 2018, 81 companies lost points because they removed or weakened existing commitments or reduced reporting. These include Woolworths Group Ltd which removed a deforestation commitment for soy. Overall 184 companies dropped points, but many of these companies lost points because they did not meet the more stringent expectations of the updated methodology.

High profile companies who dropped score because they removed commitments since 2018

Company	Score in 2019	Change since 2018	Which key policies were removed?
Avon Products Inc.	40%	-15%	Removed commitment to engage with non-compliant palm oil suppliers from its Supplier Code of Conduct, and removed commitment on Free, Prior, Informed Consent from its Palm Oil Promise.
Woolworths Group Ltd.	29%	-9%	Removed a deforestation commitment for soy from their sustainable sourcing website page.
Yakult Honsha Ltd.	3%	-4%	Removed deforestation commitment for pulp and paper from their 2018 CSR report.

As we reach 2020, some companies have dropped the deadline:

Some companies have removed or weakened commitments with 2020 deadlines. In the 2018 assessments, 157 companies had commitments to eliminate deforestation by 2020 or earlier. In 2019, four had removed their commitments completely, including Yakult and Danish Agro (a Danish Farm cooperative). A further 18 had removed the deadline, including Nestle, who updated their palm oil commitment and removed the 2020 deadline.

Sixty companies still had the same target but had not reported progress towards their commitment, showing no evidence of working towards the 2020 deadline. Among these were Adidas, McDonald’s and JBS.

By not reporting on progress and failing to update the commitments, companies are preventing both internal and external monitoring of their actions¹².

4

companies had removed
commitments completely
in 2019

Are commitments being implemented?

Setting strong commitments is only the first step for a company seeking to remove deforestation from their supply chains. Transparent reporting on activities they are undertaking to implement their commitments, such as monitoring systems and grievance mechanisms, and on progress towards commitments is essential for accountability.

Measuring companies' progress towards implementing their commitments remains a challenge and relies, in many cases, on self-reported company data.

The Forest 500 has nine indicators to assess whether companies are making progress on implementation, including engagement with suppliers and disclosure of volumes produced or used. Each indicator is assessed for each commodity, giving a total of 34 points.

The average score for 'commitment strength' for companies with a deforestation commitment was 47% (17 out of a possible 36 points), but the score drops to 25% (9/34) for reporting and implementation of their commitments.

The 2019 assessment found that 100 companies were not reporting on progress on implementation.

This disconnect between companies scoring well for commitment strength and scoring poorly for reporting and implementation suggests that there is an implementation gap between what companies are saying they will do, and what they are actually doing. In extreme cases, this suggests that companies are deliberately greenwashing.

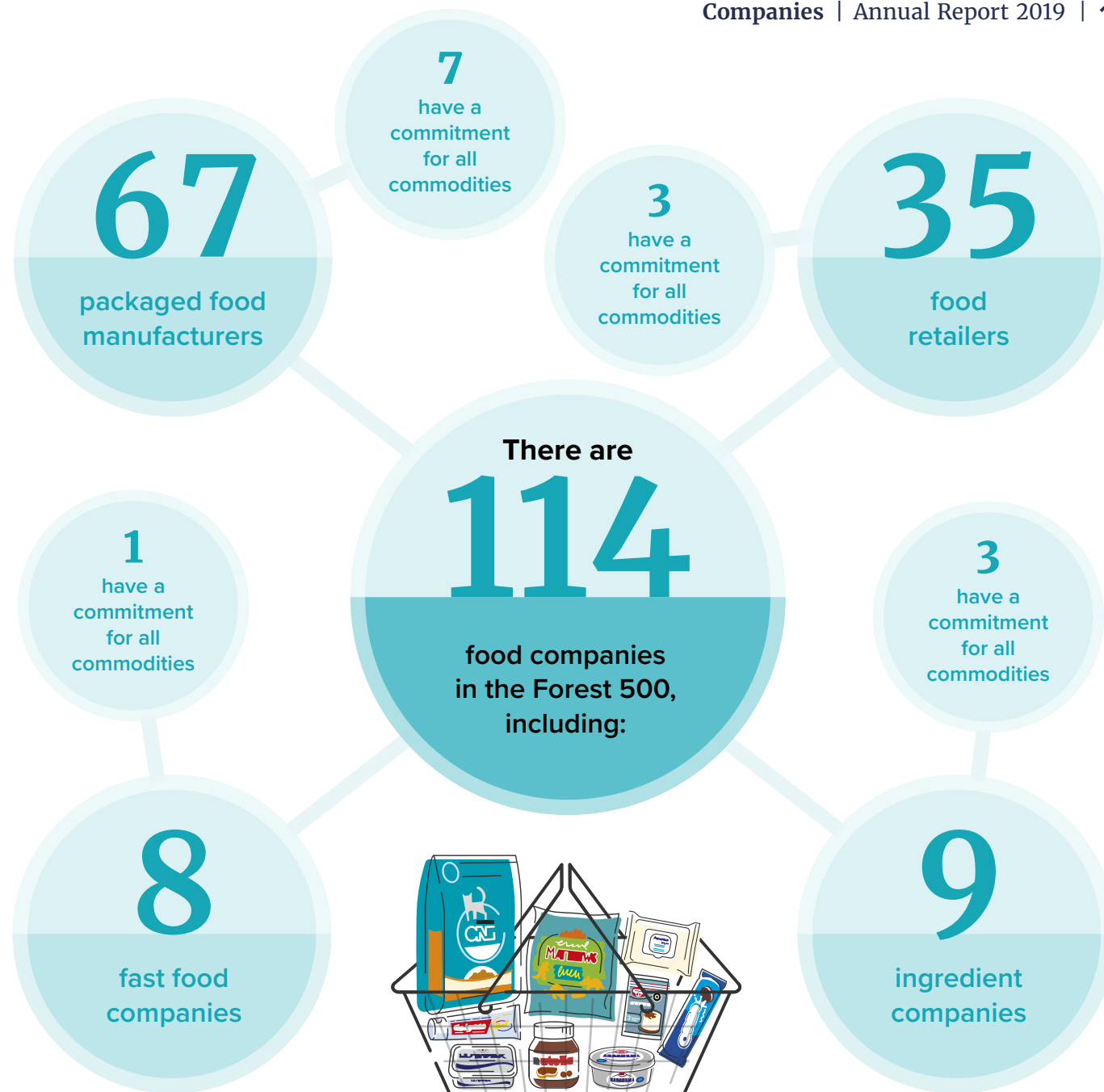
Greenwashers: are high profile companies acting on their commitments?
































Companies	Commitment strength score (% out of 36)	Reporting and implementation score (% out of 34)	Details
Aditya Birla	35%	12%	Clothing manufacturer, Aditya Birla is, the world's largest supplier of viscose and supplies Forever 21, Ted Baker, and Ralph Lauren ¹³ . It commits to only source FSC-certified pulp and paper which can be traced back to the plantation. But the company did not report on progress or score for any of the implementation activities assessed in 2019, except for declaring 1994 as the last acceptable year for deforestation in their pulp and paper.
Ikea	74%	33%	The home store is assessed for four commodities but only has deforestation policies for palm and timber. It scored poorly for implementation because it failed to report a supplier list or cut-off date for either commodity. Reported progress reported was not independently verified.
Starbucks	29%	16%	The food and drink company had a deforestation commitment for palm oil, but not for soy or pulp and paper – despite having an overarching deforestation commitment. Starbucks also lost points as it did not report a monitoring system, and failed to disclose a supplier list for any of the commodities it is exposed to.
H&M	74%	15%	The clothing manufacturer and retailer had a deforestation commitment for leather and pulp and paper – but did not report on progress for either. The only points that H&M scored for reporting and implementation was that it disclosed a supplier list for both. H&M did not have a monitoring system and did not report volumes used for either commodity.

Spotlight on the food sector

Forest-risk commodities are in almost everything we eat. From beef in our ready-meals and burgers, palm oil in our biscuits to soy as a hidden ingredient in poultry and dairy products.

All of these commodities are at risk of being sourced from deforested areas. Yet, despite the ubiquitous nature of these commodities in our diets, too few companies in the food industry are taking action to halt deforestation in their supply chains.



	Packaged Food	Food Retailers	Fast Food	Ingredients
Leaders	Nestlé S.A. 	Marks & Spencer Group PLC 	McDonald's Corp. 	Cargill 
Laggards and low scorers	<p>32% had no forest commitments for any commodities</p>  	<p>37% had no forest commitments for any commodities</p>   	<p>Lowest scorer:</p>  <p>Only had a deforestation commitment for palm oil, not for soy or pulp and paper*.</p> <p><small>*Not assessed for beef as claims not to source beef from outside U.S.A.</small></p>	<p>Lowest scorer:</p>  <p>(the owner of many dairy and cheese brands, including Saint Agur)</p> <p>No deforestation commitment for palm oil, soy, or paper</p>
Backsliders	Danone  removed commitment to engage with non-compliant suppliers in a time-bound manner	Woolworths Group Ltd.  removed deforestation commitment for soy	Restaurant Brands International (Burger King, Tim Hortons)  palm oil commitment only applies to their US operations.	Cargill  removed the 2030 deadline from its forest policy
Greenwashers	Hershey Co.  47%  24% General Mills  64%  41%	Carrefour  57%  20% Walmart  56%  20%	Subway (Doctor's Associates)  42%  12% Yum! Brands Inc. (KFC, Pizza Hut, Taco Bell)  53%  24%	Associated British Foods Plc (owns Blue Dragon, Patak's, Burgen)  39%  12% Archer Daniels Midland Co.  58%  33%

'Leaders' vs Laggards

Leaders	Nestle: 71% <ul style="list-style-type: none"> ● deforestation commitments for all commodities 	Marks & Spencer Group PLC: 55% <ul style="list-style-type: none"> ● deforestation commitments for all commodities 	McDonald's: 47% <ul style="list-style-type: none"> ● deforestation commitments for all commodities 	Cargill: 52% <ul style="list-style-type: none"> ● deforestation commitments for all commodities
Laggards and low scorers	Groupe Lactalis: 0% <ul style="list-style-type: none"> ● no deforestation commitments for any commodities. 	Spar: 3% <ul style="list-style-type: none"> ● only score for a weak commitment that some of their chicken is fed on sustainable soy 	Wendy's: 18% <ul style="list-style-type: none"> ● deforestation commitment for palm oil ● sustainability commitment for pulp and paper ● no commitment for soy 	Groupe Savencia S.A.: 7% <ul style="list-style-type: none"> ● no deforestation commitments for any commodities. <p>Only a commitment to reduce pulp used in packaging and human rights commitments</p>
	Assessed for palm oil, soy and paper. Nestle was also assessed for beef.	Assessed for palm oil, soy, and paper. Marks and Spencer was also assessed for leather and timber.	Assessed for palm oil, soy, and pulp and paper. McDonald's also assessed for beef.	Assessed for palm oil and soy, and were both assessed for pulp and paper through packaging.



Financial Institutions

The financial institutions that fund the Forest 500 companies through bonds, loans, or shareholdings are complicit in deforestation through this financing. Forest 500 assesses the policies of the 150 financial institutions that provide the most finance to the 350 Forest 500 companies.

Financial institutions can influence company action on deforestation through engagement, introducing loan criteria, or even threatening divestment. Indeed, there has been growing recognition of the need for action by financial institutions on deforestation, from both within the sector and from consumers¹⁴. Yet this does not appear to have translated into an uptake in policies by the most influential financial institutions.

The 2019 assessments found that the financial institutions are failing to recognise the risk of deforestation in their portfolios.

The average score for financial institutions in 2019 was 14%. More than a third scored zero. While progress is too slow, a few financial institutions have added new policies in the last year.

How are financial institutions assessed?

Financial institutions are assessed for all of the commodities: palm oil, soy, cattle products (beef and leather) and timber products (including pulp and paper). They are assessed on publicly available information for the policies they apply to the companies in their financial portfolio giving a total out of 100. This is converted into a score out of five for each commodity, and overall - with higher scores reflecting stronger commitments.

Financial laggards

Of the 150 financial institutions with the most influence on forest-risk supply chains, we identified 102 laggards that had no policies to address deforestation¹⁵.

Despite improvements by some, the sector as a whole has not made progress.

In 2019, 58 scored 0/100; they had no policies on any social or sustainability issues covered by Forest 500.

Coverage of deforestation policies is poor across the board, but financial institutions are least likely to have deforestation policies for soy (23%) and cattle products (19%). Although higher, the percentage of financial institutions with policies for timber and palm oil products is just 27%.

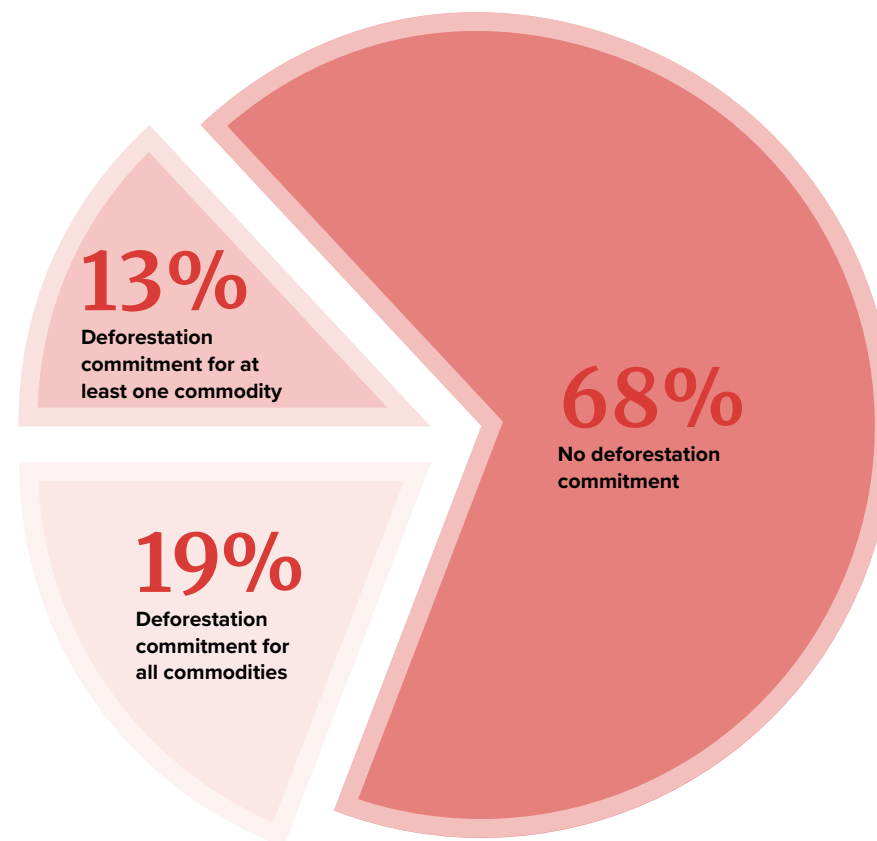


Figure 3: Proportion of financial institutions with a commodity deforestation commitment

Going backwards

Four financial institutions' scores fell because they removed policies in 2019.

Biggest backtrackers	Score in 2019	Change since 2018	What changed?
PT Bank Rakyat Indonesia	14%	-5%	In 2018 Bank Rakyat Indonesia described how it monitored companies against their requirements, this was removed in the latest update.
Banco do Brasil	29%	-4%	Banco do Brasil updated their Sustainable credit guidelines at the end of 2018 and removed a reference to minimising damage on protected areas.
Old Mutual	3%	-4%	Removed a requirement for companies to be PEFC certified from a subsidiary's website, leaving them with no requirement for the protection of forests.
Eaton Vance	0%	-3%	Eaton Vance's subsidiary removed their requirement for companies to improve equality of women in the supply chains, leaving them with no policies at all.

4

financial institutions
whose scores fell because
they removed policies

Investor statement on deforestation in the Amazon

Following the Amazon fires, 244 financial institutions signed a collective statement on deforestation, calling for companies to take action in October 2019¹⁶.

Only 14 of these investors were among the most influential financial institutions in forest risk supply chains, as identified by Forest 500. Just seven of these financial institutions had deforestation policies for at least one commodity, but critically, only four had policies that covered soy and cattle products. These were Aegon, BNP Paribas, HSBC and Mitsubishi UFJ Financial¹⁷.

Soy and cattle products are the two commodities with the biggest influence on tropical deforestation in the Amazon¹⁸, and which were directly linked to the Amazon fires¹⁹. Now that these 244 financial institutions have acknowledged the issue, they need to follow through by adopting and implementing deforestation policies.

Breakthroughs

Thirty-nine financial institutions improved their scores as a result of introducing new policies or strengthening existing ones.

Thirteen financial institutions introduced a new deforestation policy for at least one commodity, including Barclays, ING Group, and Standard Chartered.

Biggest breakthroughs	Score in 2019	Change since 2018	Why?
Commonwealth Bank of Australia	43	+34	Last year CBA had no policies for any of the commodities. This year they added a cross-commodity policy which requires companies to be legally operated and encourages companies in beef, palm oil, soy, and timber supply chains to become certified sustainable.
Barclays	39	+19	Barclays published a new Forestry and Palm oil statement which included requirements for protection of forests, legal operations, and certification.
Morgan Stanley	45	+14	Morgan Stanley updated their Environmental Policy in July 2019 which requires companies producing palm oil to be RSPO certified.



Just
28

out of 150 institutions
had a policy in place to
protect forests for
all commodities

The leaders

In 2019, the highest ranking financial institution – BNP Paribas – scored 62/100. There were two new financial institutions in the top five, Standard Chartered and Credit Suisse, which both added new deforestation policies.

Financial institution	Total Score (%)	Band
BNP Paribas	62	●●●●○
Rabobank	59	●●●○○
Deutsche Bank	58	●●●○○
Standard Chartered	58	●●●○○
ING Group	55	●●●○○
Average	14	●○○○○

Just 28 out of 150 institutions had a policy in place to protect forests for all commodities, including Standard Chartered, Santander, ING Group, Royal Bank of Scotland, and Credit Suisse.

Although these financial institutions have the most deforestation policies, they are not all among the highest scoring companies. This is because their commitments were not strong enough on scope or on critical issues such as requiring companies to respect free, prior, and informed consent, or to have time-bound commitments.



Regulatory action

The lack of action by companies in forest-risk supply chains highlighted in the Forest 500 2019 assessment supports calls by civil society, legislators and even some companies for regulatory action to force action by companies to address deforestation risks.

Some European governments – and indeed the European Union – are considering introducing due diligence legislation which would place a requirement on companies to mitigate the environmental,

social and governance risks in their supply chains (see box).

Similar measures are also being considered for financial institutions.

Due diligence legislation

Due diligence legislation would mandate companies to assess, prevent and mitigate their environmental, social and governance risks and impacts of their supply chains and operations - raising the bar for all companies and sending a signal to suppliers seeking to access EU markets. Transparency and public disclosure requirements on due diligence policies and their implementation, alongside effective enforcement and accountability, are central to addressing the implementation gap seen in voluntary commitments.

The EU's Communication on the Adoption of Stepping Up EU Action to Protect and Restore the World's Forests sends a clear signal that due diligence to address deforestation risks in imports is being considered - and some European countries have already introduced laws²⁰.

EU action would build on similar existing legislation, such as the EU Timber Regulation and the EU Minerals Regulation. The new EU Sustainable Finance Disclosure regulation also includes due diligence for a broader scope of environmental, social and governance risks.



Conclusion: Beyond 2020

As we start 2020, forests are still being cleared to make way for agricultural commodities - despite the commitments made by many companies, financial institutions, and governments to end deforestation in commodity supply chains.

A handful of leading companies have taken steps to remove deforestation from their supply chains, but no company is yet able to demonstrate that their supply chain is deforestation-free.

Nearly half (242) of the 500 most influential companies and financial institutions still have no commitment or policy to address their exposure to deforestation. Unless these laggards face consequences for their lack of action and the impacts on forests, we will not see the sector wide action that is needed to transform commodity supply chains.

Key findings:

- 140 (40%) of the most influential companies in forest-risk supply chains still do not have any deforestation commitments.

- 75 (21%) companies have commitments for just one of the commodities they source or produce, but not for the others.
- Some companies are beginning to remove or weaken previous commitments with 2020 deadlines. Of 157 companies which had commitments to remove deforestation by 2020 or earlier, four removed their commitment completely, and 18 removed the deadline from their commitments since 2018.
- Of 210 companies with commitments, 100 (or 48%) do not report on progress for all implementation, including Unilever, McDonald's, Nike and Vans owner, VF Corp.
- The finance sector is still not making progress: 102 (68%) of the financial institutions assessed have no deforestation policies.

100

companies have not
reported any
progress

Given this failure to address deforestation through voluntary action by individual companies, civil society, legislators, and even some companies have called for regulatory action to ‘level the playing field’ and force action by companies on deforestation risks. While moves towards this in the EU are welcome, action in all major markets is needed to avoid leakage and truly drive change.

A role for commitments?

Global Canopy believes company commitments can still play an important role in raising the bar of corporate action. Companies can still make a significant difference to global efforts to halt tropical deforestation by implementing commitments – and in some cases, private sector initiatives are raising standards far higher and faster than would be achieved with mandatory standards alone.

Similarly, in areas where laws do not exist yet, or are not well enforced, company commitments can be critical for addressing commodity driven deforestation. Nowhere is this currently more relevant than in Brazil.

18

companies have removed
2020 deadline from
commitments

A need for consequences

It is clear that companies need to feel the consequences of failing to act, whether this is a result of other companies acting to clean up their supply chain, incentives to improve to meet the requirements of buyers, or because of the reputational risk that comes from being linked to destroying forests. The risks are real and should be acted upon.

Financial institutions can play a part. They must recognise their responsibility in funding the companies driving deforestation and address their exposure to deforestation risks, whether through incentives for positive action or sanctions for a failure to act. The most influential financial institutions are failing to use their leverage.

Companies themselves can police their supply chains – and by increasing transparency around the suppliers and action taken, can show the world what is being done – and what remains to be addressed.

A legal requirement for due diligence would require companies to monitor their suppliers, and to provide evidence that they had done so.

It is clear that transformative action must be taken across the forest-risk commodity sector, and those who finance it, for commodity-driven deforestation to be halted. 2020 provides an unparalleled opportunity for governments, civil society, and consumers to help drive positive change, but to be effective those changes must be felt throughout the supply chain.

Indeed, the missed 2020 deadline should be the catalyst for renewed pressure on companies and financial institutions to eliminate deforestation in their supply chains, and also for civil society and consumers to hold them accountable for their impacts on tropical deforestation.

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- ⁸ A deforestation commitment is one that commits to zero, zero net deforestation or zero conversion, or at least protects priority forest types including high conservation value forests or commits to a credible certification scheme that protects these
- ⁹ <https://accountability-framework.org/>
- ¹⁰ Full details of all changes can be found in the 2019 assessment methodology at: <https://forest500.org/about/how-do-we-rank-500>
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Appendix: The laggards

Companies with no deforestation commitments for any of their commodities

Company Laggards

Aceitera General Deheza S.A.	Bricapar S.A.
Adient	Bright Food (Group) Co. Ltd.
Advance Publications Inc.	Buyatti S.A.I.C.A.
Agritrade International PTE Ltd.	Camera Agroalimentos S.A.
Allanasons Pvt Ltd.	Capri Holdings
Alonso Group	Caramuru Alimentos
Alpargatas SA	Catter Meat S.A.
Amazon	Cencoprod Ltda
Ameropa Ltd.	Cencosud
Amul	Chief Movement Ltd
Aokang Group Co. Ltd.	China Resources National Corp.
Arre Beef S.A.	China State Construction Engineering Corp.
Ashley Furniture Industries Inc.	CK Hutchison Holdings
Bata Ltd.	Coamo Agroindustrial Coop.
Behshahr Industrial Development Corp.	COMIGO
Beidahuang Group	Compañía Industrial Aceitera Coto
Belle International Holdings Ltd.	Cincuenta y Cuatro S.A.
Bestseller A/S	Coop Col Multiactiva Fernheim Ltda
Bhartiya International Ltd.	Coop Freight Logistics Ltd
Bianchini	Cooperativa Chortitzer
	Corporación De Abastecimiento

Y Servicios Agrícolas S.A.(CASA)	Groupe Lactalis	Lear Corp.
Cresud S.A.	Groupe Savencia S.A.	Lenta OOO
Cyrela Brazil Realty	Grupo Bom Retiro	Li Ning Company Ltd.
Dalian Huafeng Furniture Co. Ltd.	Grupo Jari	Loyaline Limited
Danish Agro	Grupo Viz	Magnit Group
Darmex Agro	Gruppo Mastrotto Spa	Meredith Corporation
Deichmann Group	Gruppo Veronesi	Mission NewEnergy Limited
Directa Line Agenciamento de transportes internacionais	Guangdong Wens Foodstuff Group Co., Ltd	Mizkan Holdings
Donto	Guangzhou Highest Industrial Co. Ltd.	Nanyang Hoo's Furniture Manufacturing Co. Ltd.
East Hope Group	Guangzhou Liby Enterprise Group Co. Ltd.	New Hope Group
Ebro Foods	Haid Group	Nice Group
Emami Ltd.	Htoo Group	Nine Dragons Paper Holdings
EURO AMERICA	Huijia Group	Nitori Holdings Co. Ltd.
Evershining Ingredient	InVivo	Nong Shim Holdings
F.R.I.A.R. S.A.	Irmãos Gonçalves Comercio e Industria Ltda	NordSud Timber
Fleury Michon, Groupe	JA Group	Offal Exp S.A.
Foshan Saturday Shoes Co. Ltd.	Japfa Ltd	Parker-Migliorini International
Frialto	JBJ Investimentos	Perez Companc Family Group
Frigorifico Concepcion S.A.	JVL Agro Industries Ltd.	Pertamina Persero PT
Frigorifico Gorina S.A.	Kai Bo Food Supermarket	Pou chen
Fuga Couros S.A.	Kewpie Corp.	R. R. Donnelley & Sons Co.
Future Group	Kikkoman Corp.	RELX Group
GRANOL	Land O'Lakes Inc.	Rezervnaja Prodoval'stvennaja Kompanija
	Le Gouessant	

TD ZAO
 Rimbunan Hijau Group
 Rioverde OOO
 Sadesa
 Sampoerna Agri Resources Pte. Ltd
 Samsonite International S.A.
 Shanghai Construction Group
 Shuangbaotai Group (Twins Group)
 SIFCA Group
 Sodrugestvo Group S.A.
 Soyuz Corporation
 SPAR International B.V.
 Steve Madden Ltd
 Strong OOO
 Suguna Foods
 Tangrenshen Group (TRS)
 ThomsonReuters
 TJX Companies
 Total Enterprise Limited
 Tradewinds (M) Berhad
 Triputra Group
 Tyson Foods Inc.
 Vicwood Group
 WH Group

Wings Corp
 Wolverine World Wide Inc.
 X5 Retail Group N.V.
 Yakult Honsha Co. Ltd.
 Yamazaki Baking Co.
 Yomiuri Group, The
 YPF
 Zhejiang Tongtianxing Group
 Joint-Stock Co. Ltd.

Financial Institution Laggards

3G Capital
 Affiliated Managers Group
 Agricultural Bank of China
 Allstate
 AmBank Group
 American Century Investments
 American Equity
 American Family
 American International Group (AIG)
 Ameriprise Financial
 APG
 ARISAIG Partners
 Aviva

Baillie Gifford
 Banco do Brasil
 Banco Nacional de Comercio Exterior
 Bangkok Bank
 Bank of China
 Bank of New York Mellon
 Bank of Philippine Islands
 Berkshire Hathaway
 BlackRock
 BPCE Group
 Bradesco
 Capital Group
 Cathay Financial
 Charles Schwab
 China Construction Bank
 CIMB Group
 Crédit Mutuel CIC Group
 Dimensional Fund Advisors
 DZ Bank
 Eaton Vance
 Employees Provident Fund
 Export-Import Bank of Malaysia
 Farm Credit Services Commercial
 Finance Group

Fidelity International	Mizuho Financial	State Farm
Fidelity Investments	Nationwide Mutual Insurance	State Street
Fifth Third Bancorp	New York Life Insurance	Sun Life Financial
Fisher Investments	Nomura	SunTrust
Franklin Resources	Norinchukin Bank	T. Rowe Price
Geode Capital Management	Northern Trust	Tarpon Investimentos
GIC	Northwestern Mutual Life Insurance	Temasek
Guggenheim Capital	ORIX Corporation	Thrivent Financial
ICICI Bank	Petros	Toronto-Dominion Bank
Industrial and Commercial Bank of China	Pictet	Travelers
Intesa Sanpaolo	PNC Financial Services	UniCredit
Invesco	Power Financial Corporation	United Services Automobile Association
Itaú Unibanco	Principal Financial Group	Vanguard
Janus Henderson	Prudential (UK)	Voya Financial
Krung Thai Bank	Prudential Financial (US)	VTB Group
Legal & General	RHB Banking	Wellington Management
Legg Mason	Safra Group	Wells Fargo
Liberty Mutual Insurance	Schroders	Western & Southern Mutual Holding Company, Inc.
Macquarie Group	Schweizerische Nationalbank	White Mountains Insurance
Magellan Financial Group	Scotiabank	Yayasan Pelaburan Bumiputra
Malayan Banking	Siam Commercial Bank	
MassMutual Financial	Standard Life Aberdeen	
MetLife	State Bank of India	

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Forest 500, a Global Canopy project,
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the race towards a deforestation-free
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Contact:

To contact the Forest 500 team, please
write to forest500@globalcanopy.org.

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